

Northwest Electric Power Interests

August 8, 2001

Vice President Richard B. Cheney
The White House
Washington, DC 20501

Dear Mr. Vice President:

We are writing to express our strong support for increasing the amount of funding that the Bonneville Power Administration (BPA) may borrow from the U.S. Treasury.

As investor-owned utilities, consumer-owned utilities, industrial customers, and independent power producers, all doing business in the Pacific Northwest, we often disagree on matters relating to the Northwest power system. But we are absolutely united on at least one point: that substantially increasing the reliability and capacity of the BPA transmission system is essential to the economic health of both the Northwest and the entire West.

The BPA transmission system is already heavily constrained as it attempts to serve existing loads and generation facilities, and the problem is only going to get worse unless dramatic steps are taken. As the report of your Energy Task Force made clear, new generation facilities are essential to solving the electricity crisis. Right now, the call for new generation is being answered -- developers have announced plans to build many new plants in the Northwest. This new generation will benefit consumers in all 11 Western states served by the regional transmission system known as the western interconnection.

But those new generation facilities cannot help solve the supply problem unless they are interconnected to a reliable regional transmission system. Because BPA owns and operates over 75 percent of the high-voltage transmission system in the Northwest, and no major investments have been made in that system for over a decade, the transmission system that would bring these new supplies to consumers is simply not prepared to do the job. Unless relieved through substantial infrastructure improvements, the constraints that plague the BPA transmission system will prolong the current electricity crisis and contribute to future crises.

We understand that solving this problem will not be free. All BPA transmission customers will bear the total costs of BPA's transmission investments through transmission rates. In turn, the revenues from transmission rates will be used by BPA to repay all the money borrowed from the Treasury, with interest. But we cannot move forward toward a solution until the federal government does its part by increasing BPA's borrowing authority.

One recent development gives us, and hopefully you, extra confidence that this new borrowing authority will be well spent. To assure that BPA properly prioritizes its transmission investments, a technical review committee consisting of BPA's transmission customers was recently created, and is already beginning its work. This review process (which received the full support of the Senate Appropriations Committee in its July 13 report on the Energy and Water Development Appropriations bill) will allow meaningful customer input and thereby help assure that BPA's transmission investments will provide the most cost-effective, reliable service for the region's consumers.

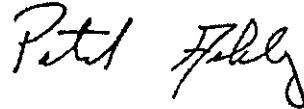
In conclusion, we ask that you put the Administration on record as supporting an increase in BPA's borrowing authority for FY 2002, so that BPA can immediately move ahead on critical, multi-year investments in the transmission system. We also ask that you promptly transmit a statement of your views to the Senate and House Appropriations Committees. With the Administration's support, we are hopeful that this matter will be successfully concluded when those Committees meet in conference on the Energy and Water Appropriations bill after the August recess.



Kris Mikkelsen
General Manager
Inland Power & Light



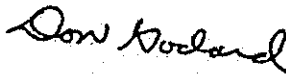
Al Gonzalez
General Manager
Central Electric
Cooperative, Inc.



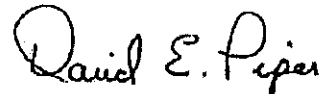
Patrick Ashby
General Manager
Tillamook Public Utility
District



James W Sanders
General Manger
Benton Public Utility
District



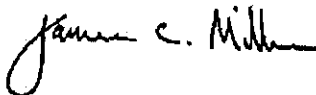
Don Godard
Manager
Grant Public Utility District



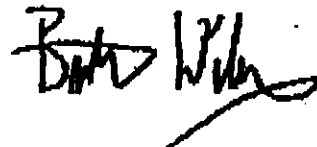
David E. Piper
Chief Executive Officer
Pacific Northwest
Generating Company



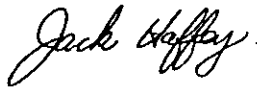
Pamela G. Lesh
Vice President
Public Policy & Regulatory
Affairs
Portland General Electric
Company



James C. Miller
Senior Vice President
Delivery
Idaho Power Company




Brett Wilcox
President
Goldendale Aluminum and
Northwest Aluminum



Jack Haffey
President and Chief
Operating Officer
The Montana Power
Company



Gary Zarker
Superintendent
Seattle City Light



Gary Ely
Chairman, Pres. & CEO
Avista Corp.



Alan Richardson
Chairman of the Board
PacifiCorp



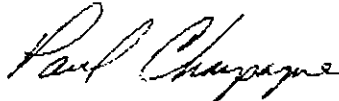
Jerry Leone
Manager
Public Power Council



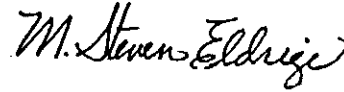
Charles E. Martin
President
National Energy Systems
Company
Sumas Energy, Inc.



Steve Johnson
Executive Director
Washington PUD
Association



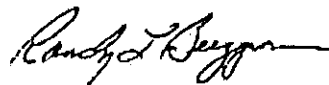
Paul T. Champagne
President
PPL Global



M. Steven Eldridge
General Manager & CEO
Umatilla Electric
Cooperative



Mark Gendron
Manager
Idaho Falls Power



Randy L. Berggren
General Manager
Eugene Water & Electric
Board

cc: Secretary of Energy Spencer Abraham
Senate Appropriations Committee Chairman Robert C. Byrd
House Appropriations Committee Chairman C.W. Young
Senate Budget Committee Chairman Kent Conrad
House Budget Committee Chairman Jim Nussle
Senate Energy Committee Chairman Jeff Bingaman
House Energy and Commerce Chairman W.J. "Billy" Tauzin
OMB Director Mitchell E. Daniels Jr.
NW members of Congress
Governor Dirk Kempthorne
Governor John Kitzhaber
Governor Gary Locke
Governor Judy Martz



RECEIVED BY BPA ADMINISTRATOR'S OFC-LOG #: 01-0334
RECEIPT DATE: 6-28-01
DUE DATE: INFO ONLY

Steven L. Kline
Vice President
Federal Governmental &
Regulatory Relations

700 11th Street NW, Suite 250
Washington, DC 20001
202.638.3500
Fax: 202.638.3522
Internet: steven.kline@pge-corp.com

June 25, 2001

The Honorable Spencer Abraham
Secretary of Energy
1000 Independence Ave.
Washington, DC 20585-0001

INFO ONLY: Kip Moxness-TM/Ditt2
cc: A-7, D-7, KN/Wash, L-7, P-6, T/Ditt2,
DF-2, Scott Wilson-PT-5

Dear Secretary Abraham:

I am writing today to express PG&E Corporation's support for efforts by the Bonneville Power Administration (BPA) to improve its ability to deliver power in the West. Specifically, we would like to endorse BPA's request for additional federal borrowing authority to finance transmission construction.

As you know, significant progress has been made toward returning to supply/demand balance in the West. PG&E Corporation's National Energy Group is contributing to this effort. Currently, we have more than 4,000 megawatts in construction or development in the region, and we continue to look at potential sites. We also are upgrading our natural gas pipeline infrastructure to help ensure the new plants are fueled.

As new generating projects begin to come on line, the situation in the West undoubtedly will improve from both a supply and price stability perspective. But to get that power to market, we must improve the region's aging transmission systems. And we must begin that effort now so that the transmission capacity is ready when the generating capacity becomes available.

BPA operates one of the most important transmission systems in the West. Because of the broad interconnectedness of the Western System Coordinating Council grid, the ability of BPA to deliver power from Northwest facilities impacts reliability throughout the region. That said, we are very concerned that BPA's transmission system is not prepared to accommodate the new generating facilities now in development or construction in the Northwest.

We understand BPA is seeking to extend its federal borrowing authority so that it has financial means to make critically needed transmission upgrades. We support this effort as an important component of the overall effort to solve the West's energy problems. We also strongly urge BPA to begin immediately planning for transmission upgrades in the most critical corridors. Priority should be given to transmission serving areas where advance plant construction and development are underway. We are concerned that projects ready for construction cannot get a commitment from BPA to provide transmission service coincident with the completion of construction.

As always, Mr. Secretary, we greatly appreciate your attention to the issues in the West and your commitment to working with the region to address the many challenges facing us.

Please don't hesitate to call me at any time if I can be of assistance to you.

Sincerely,

cc: Mr. Steven Wright ✓

Folder Profile	
Control # 2001-016257	Name Letter to Secretary Spencer Abraham from the Honorable G
Priority Essential Critical	Folder Trigger Letter
DOE Addressee Spencer Abraham	Source SO
Subject Text Governor Gary Locke, State of Washington, urges the Secretary to support the BPA's request to increase its borrowing authority from the U.S. Treasury and within the Administration and before Congress.	Date Received 7/9/01
Action Office #	Correspondence Date 7/6/01
Signature/Approval Spencer Abraham	RIDS Information Head of Agency
	Sensitivity Not Applicable
	Classification None
	Point of Contact CARPENTC
	Organization ID EXECCORR2
Action Requested Prepare Response	Assigned To BPA
Special Instructions CI concurrence required.	Date Due 7/18/01
	Date Completed

PRIORITY

RECEIVED BY BPA ADMINISTRATOR'S OFC-LOG #: 01-0344
RECEIPT DATE: 7-10-01
DUE DATE: 7-20-01

Assign: KR-7-C
cc: A, D, KN, KR, DF, P, T

2001-016257 7/9 A 10:53



GARY LOCKE
Governor

STATE OF WASHINGTON
OFFICE OF THE GOVERNOR

P.O. Box 40002 • Olympia, Washington 98504-0002 • (360) 753-6780 • TTY/TDD (360) 753-6466

July 6, 2001

The Honorable Spencer Abraham
Secretary of Energy
United States Department of Energy
James Forrestal Building
1000 Independence Avenue S.W.
Washington, D.C. 20585

Dear Secretary Abraham:

I am writing to express my strong support for the Bonneville Power Administration's (BPA's) request to increase its borrowing authority from the U.S. Treasury.

BPA estimates that it will need approximately \$2 billion in additional authority to help finance new capital investment for transmission, generation and conservation. Because BPA is such an integral part of both the generation and the transmission system in the Pacific Northwest, it is critical that BPA have sufficient borrowing authority to ensure that these infrastructure improvements are made in a timely manner.

BPA's transmission system accounts for about 75 percent of the high voltage transmission in the Pacific Northwest. It is now at or near capacity. Additional transmission capacity is needed to allow for the integration of the new generation being proposed for the Northwest. BPA needs to make increased capital investments soon to handle this new generation and preserve the reliability of the current transmission system.

In addition, the Federal Columbia River Power System contributes about 40 percent of the region's firm energy. Many of these hydroelectric facilities are more than 40 years old and need updates and improvements to maximize their efficiency. With increased investment in these facilities it will be possible to increase generation capability by as much as 300 average megawatts. The investments in system efficiencies surely will return more than the cost of capital.

For these reasons, I urge you to support BPA's request within the Administration and before Congress. Thank you for your attention to this matter.

Sincerely,

A handwritten signature in dark ink, appearing to read "Gary Locke".
Gary Locke
Governor





RECEIVED BY BPA ADMINISTRATOR'S OFC-LOG #: 01-0366
RECEIPT DATE: 7-12-01
DUE DATE: INFO ONLY

July 12, 2001

A, D, KN, DF, L P T

Chairman Robert C. Byrd
Senate Committee on Appropriations
311 Senate Hart Office Building
Washington, DC 20510

Dear Chairman Byrd:

I am writing to express Puget Sound Energy, Inc.'s support for increasing the borrowing authority of the Bonneville Power Administration (BPA) to facilitate the construction of additional electric transmission facilities. This funding is critically important to improve the capacity and reliability of BPA's transmission system for the benefit of consumers throughout the Pacific Northwest.

I am pleased that BPA has recently agreed to form a review committee so that its transmission customers can be assured that transmission improvements are economically justified and prioritized so as to provide the most cost-effective and reliable service for the region. Puget Sound Energy will gladly participate in the important work to be undertaken by this review committee. It would be appropriate for language supporting the formation of this committee to be included in your Committee report.

If you or your staff have any questions about Puget Sound Energy's support for additional BPA borrowing authority, please contact Bill Gaines, Puget Sound Energy's Vice President, Energy Supply at (425) 462-3145.

Sincerely,

William S. Weaver
President and Chief Executive Officer

cc: Secretary Spencer Abraham
Senator Patty Murray
Stephen Wright - Acting Administrator, BPA

ALAN RICHARDSON
Chairman

825 N.E. Multnomah, Suite 2000
Portland, Oregon 97232-4116
(503) 813-6765
FAX (503) 813-7109



July 11, 2001

The Honorable Robert C. Byrd
Chairman, Committee on Appropriations
United States Senate
Washington, D.C. 20510

RECEIVED BY BPA
ADMINISTRATOR'S
C-LOG #: 01-0367

RECEIPT DATE:

7-12-01

USE DATE:
INFO ONLY

A, D, KN, DF, L, P, T

Dear Senator Byrd:

PacifiCorp supports an increase in borrowing authority for the Bonneville Power Administration (BPA) as part of H.R. 2311, the Fiscal Year 2002 Energy and Water Appropriations that may be considered by your Committee July 12, 2001.

PacifiCorp is an investor-owned utility serving 1.5 million retail electric consumers in six western states.

By permitting Bonneville to make additional investments in its transmission network, this increase in borrowing authority would represent a critical step toward needed improvements in the capacity and reliability of BPA's transmission system. Such investments need to be made for the benefit of all electric consumers throughout the Pacific Northwest and, indirectly, the entire west.

Bonneville has agreed to form a technical review committee with its transmission customers to help assure that transmission improvements are prioritized to provide the most cost-effective and reliable service for the region. We respectfully request the Report accompanying the Committee's action on H.R. 2311 reflect positively on the formation of this committee.

Thank you for your consideration of our request.

Sincerely,

A handwritten signature in black ink, appearing to read "Alan V. Richardson", written over a horizontal line.

Alan V. Richardson
Chairman of the Board

Cc: The Honorable Ted Stevens
The Honorable Harry Reid
The Honorable Pet V. Domenici
The Honorable Patty Murray
The Honorable Larry E. Craig
Steve Wright, BPA



July 11, 2001

Chairman Robert C. Byrd
Senate Committee on Appropriations
311 Senate Hart Office Building
Washington, DC 20510

Dear Chairman Byrd:

On behalf of Avista Corporation, Idaho Power Company, Montana Power Company, PacifiCorp, Portland General Electric, and Puget Sound Energy, Inc., I am writing to voice our strong support for increasing the borrowing authority of the Bonneville Power Administration (BPA) as part of the Energy and Water Appropriations bill that will be considered by your Committee tomorrow. We believe that this is a critical step toward improving the capacity and reliability of BPA's transmission system, for the benefit of consumers throughout the Pacific Northwest. We are pleased to inform you that BPA has recently agreed to form a technical review committee with its transmission customers to assure that transmission improvements are prioritized so as to provide the most cost-effective and reliable service for the region. We respectfully request that language in support of the formation of this committee be included in your Committee report.

If you or your staff have any questions, please feel free to call me.

RECEIVED BY BPA
ADMINISTRATOR'S
-LOG #:01-0368

RECEIPT DATE:

7-12-01

DATE:

INFO ONLY

A, D, KN, DF, L, P, T

Sincerely,

James Litchfield
Consultant for the
Investor Owned Utilities
503-222-9480
lchg@europa.com

cc: Senator Ted Stevens
Senator Jack Reed
Senator Pete Domenici
Senator Patty Murray
Senator Conrad Burns
Rep. Sonny Callahan
Rep. Peter Visclosky
Secretary Spencer Abraham
Stephen Wright – Acting Administrator, Bonneville Power Administration



Portland General Electric Company
121 SW Salmon Street • Portland, Oregon 97204
(503) 464-8401 • Fax (503) 778-5566

July 12, 2001

Chairman Robert C. Byrd
Senate Committee on Appropriations
311 Senate Hart Office Building
Washington, DC 20510

Peggy Y. Fowler CEO and President	
RECEIVED BY BPA ADMINISTRATOR'S OFC-LOG #: 01-0371	
RECEIPT DATE: 7-13-01	
DUE DATE:	
INFO ONLY	
Info Only: A, D, KN, DF, L, P, T	

Dear Chairman Byrd:

I am writing to express Portland General Electric Company's support for increasing the transmission borrowing authority of the Bonneville Power Administration (BPA) as part of the Energy and Water Appropriations bill. We believe that this is a critical step toward improving the capacity and reliability of the transmission system for the benefit of consumers throughout the Pacific Northwest. We are also pleased BPA has agreed to form a technical review committee with its transmission customers to assure that transmission improvements are prioritized to provide the most cost-effective and reliable service for the region.

We look forward to working cooperatively with BPA to review proposed capital projects and helping assure dependable transmission in the region. We respectfully request that language in support of the formation of this committee be included in your Committee report.

If you or your staff have any questions, please feel free to call me.

Sincerely,

Peggy Fowler

cc: ✓ Steve Wright, BPA - Acting Administrator and CEO
Jeff Stier, BPA - Vice President
Secretary of Energy Spencer Abraham
Senator Patty Murray
Senator Gordon Smith
Senator Ron Wyden
Michael A. Andrews, Vinson and Elkins





PUBLIC SERVICE COMMISSION

1701 Prospect Avenue • PO Box 202601
 Helena, Montana 59620-2601
 Telephone: (406) 444-6166
 FAX #: (406) 444-7618
 E-MAIL: gfeland@state.mt.us

Gary Feland, Commissioner
 District 1

July 12, 2001

Secretary Spencer Abraham
 Room 7B22
 1000 Independence Avenue
 Washington, D.C. 20585

Dear Secretary Abraham:

Post-It® Fax Note	7671	Date	16 July 01	# of pages	1
To	Karen Hunt	From	Gail Kuntz		
Co. Dept.	Steve Wright	Co.	BPA-MSGL		
Phone #		Phone #	4064495790		
Fax #	503-230-4018	Fax #			

On behalf of the Montana Public Service Commission, I am writing to express support for the Bonneville Power Administration's (BPA) request for an increase in its borrowing authority from the U.S. Treasury. BPA estimates its need for the development of a package of infrastructure improvements at approximately two (2) billion dollars in additional borrowing authority.

Inadequate electrical generation and transmission infrastructure has been one of the fundamental causes of the electricity price crisis we are experiencing in the west. If new generation and transmission are to be built anytime soon, BPA will necessarily play a vital role.

BPA must make significant capital investments in its high voltage transmission system in the Pacific Northwest to serve its load. New generation is being built, and significantly more is scheduled for construction. However, unless BPA can integrate this new production into its system it may not be built.

BPA must also support newly developing efficiency technologies as they become financially viable to encourage consumers to make critical conservation and demand side management investments. Investment in conservation helps supplant costly power purchases, and because it involves private interests, creates additional jobs in the private sector.

Some of the transmission infrastructure enhancement proposed by BPA will affect the wholesale electricity market in Montana. Therefore, the Commission's support for an increase in BPA's borrowing authority is conditioned on the opportunity of Montana to participate in the decision making process for the various projects that BPA proposes.

Thank you for your consideration.

Sincerely,

Gary Feland
 Chairman

Utility Consumer Complaints (800) 646-6150

"AN EQUAL EMPLOYMENT OPPORTUNITY/AFFIRMATIVE ACTION EMPLOYER"

RECEIVED BY BPA ADMINISTRATOR'S OFC-LOG #: 01-0381
RECEIPT DATE: 7.17.01
DUE DATE: INFO ONLY

INFO ONLY: Gail Kuntz-KR/MSGL
 cc: A-7, D-7, KN/Wash, KR-7, L-7, P-6,
 PG-5, KE-4, DF-2, T/Ditt2



RECEIVED BY BPA ADMINISTRATOR'S OFC-LOG #: 01.0373
RECEIPT DATE: 7-16-01
DUE DATE: INFO ONLY

Steven L. Kline
Vice President
Federal Governmental &
Regulatory Relations

700 11th Street NW, Suite 250
Washington, DC 20001
202.638.3500
Fax: 202.638.3522
Internet: steven.kline@pge-corp.com

July 11, 2001

Honorable Mitchell E. Daniels, Jr.
Director
Office of Management & Budget
Eisenhower Executive Office Building
17th & Pennsylvania Avenue, NW
Washington DC, 20503

**INFO ONLY: A-7, D-7, KN/Wash, L-7,
P-6, T/Ditt2, DF-2**

Dear Director Daniels:

I am writing to express PG&E Corporation's support for efforts to improve the Bonneville Power Administration's (BPA) ability to deliver electricity in the West. Specifically, we endorse the request for additional federal borrowing authority to allow BPA to finance transmission construction.

Significant progress has been made toward returning to a balance in electricity supply and demand in the West. PG&E Corporation's National Energy Group is contributing to this effort. Currently, we have more than 4,000 megawatts of electric generation in construction or development in the region, and we continue to look at potential plant sites. We also are upgrading our natural gas pipeline infrastructure to help ensure the new plants are fueled.

As new generating projects begin to come on line, the situation in the West undoubtedly will improve from both a supply and price stability perspective. But to get that power to market, we must improve the region's aging transmission systems. We must begin that effort now so that the transmission capacity is ready when the generating capacity becomes available.

As you know, BPA operates one of the most important transmission systems in the West. Because of the broad interconnectedness of the Western System Coordinating Council grid, the ability of BPA to deliver power from Northwest facilities impacts reliability throughout the region. That said, we are very concerned that BPA's transmission system is not prepared to accommodate the new generating facilities now in development or construction in the Northwest.

We understand BPA needs to extend its federal borrowing authority so that it has the financial means to make critically needed transmission upgrades. We support this effort as an important component of the overall effort to solve the West's energy problems. We also strongly urge Bonneville to begin immediately to plan for transmission upgrades in the most critical corridors. Priority should be given to transmission serving areas where advance plant construction and development are underway in order that plants ready for construction can be assured that BPA will provide transmission service coincident with their completion.

Please don't hesitate to call me at any time if I can be of assistance to you.

Sincerely,

cc: Mr. Stephen Wright ✓
Honorable Harry Reid
Honorable Pete Domenici
Honorable Larry Craig
Honorable Conrad Burns
Honorable Diane Feinstein

Avista Corp.
1411 East Mission MSC-12 PO Box 3727
Spokane, Washington 99220-3727
Telephone 509-489-0500

Gary G. Ely
Chairman of the Board,
President and Chief Executive Officer

RECEIVED BY BPA ADMINISTRATOR'S OFC-LOG #: 01.0375
RECEIPT DATE: 7.16.01
DUE DATE: INFO ONLY



July 11, 2001

**INFO ONLY: A-7, D-7, KN/Wash, L-7,
P-6, T/Ditt2, DF-2**

Chairman Robert C. Byrd
Senate Committee on Appropriations
311 Senate Hart Office Building
Washington, DC 20510

Dear Chairman Byrd:

On behalf of Avista Corporation, I am writing to follow-up on the July 11 letter you received from Jim Litchfield regarding the strong support of the Northwest investor-owned utilities for increasing the borrowing authority of the Bonneville Power Administration (BPA) as part of the Energy and Water Appropriations bill.

Avista supports increasing BPA's borrowing authority because of the critical need to improve the BPA transmission system. The BPA transmission system is the "backbone" of the region's transmission grid, but it has not been significantly expanded for at least 10 years. Consequently, BPA does not have sufficient transmission capacity to accommodate power from all of the current and pending generation facilities that are needed to satisfy the energy needs of the Northwest. Unless a substantial investment is made in upgrading the BPA transmission system in the very near future, we run a substantial risk of serious reliability problems in the region.

I am particularly pleased that BPA has agreed to form a technical and economical review committee with its transmission customers. We look forward to working with BPA to assure that its transmission improvements are prioritized so as to provide the most cost-effective and reliable service for the region.

If you or your staff have any questions, please feel free to call me.

Sincerely,

A handwritten signature in dark ink, appearing to read "G. Ely", written in a cursive style.

Gary Ely

cc: Senator Ted Stevens
Senator Jack Reed
Senator Pete Domenici
Senator Patty Murray
Senator Conrad Burns
Rep. Sonny Callahan
Rep. Peter Visclosky
Secretary Spencer Abraham
✓ Stephen Wright - Acting Administrator, Bonneville Power Administration

JUL.16.2001 10:10AM

NO.223

P.2/3

002/003

United States Senate

WASHINGTON, DC 20510

July 12, 2001

The Honorable Mitch Daniels
Director
Office of Management and Budget
Old Executive Office Building
Washington, D.C. 20503

INFO ONLY: KR-7C**cc: A-7, D-7, KN/Wash, L-7, P-6,
KE-4, T/Ditt2, DF-2**

Dear Director Daniels:

We are writing with regard to two issues of vital importance to our region: the Bonneville Power Administration's access to credits under section 4(h)(10)(C) of the Northwest Power Act and BPA's need for an increase in its authority to sell bonds to the U.S. Treasury.

Under the Northwest Power Act, BPA is required to make expenditures to protect, mitigate, and enhance fish and wildlife affected by Federal hydro projects. BPA is required to do so consistent with the fish and wildlife program of the Northwest Power Planning Council (Council). The Act also requires BPA to take as a credit against its debt repayments to Treasury the non-power project purposes' share of BPA's fish and wildlife costs. In effect, section 4(h)(10)(C) of the Act directs BPA – acting on behalf of its ratepayers – to appropriately allocate to the U.S. Treasury its share of the mitigation costs for these Federal projects.

Due to the persistent drought in the Northwest and the extraordinarily high wholesale power market prices in the West, fish and wildlife mitigation costs in the Columbia River basin have increased dramatically this year. Therefore, the 4(h)(10)(C) credits also have increased significantly. BPA's access to the credits is currently implemented by reducing annual cash transfers to Treasury. The credits do not reduce BPA's payment obligation; rather the credits are treated as a source of funds that satisfies the payment obligation. It is essential that the Administration support Bonneville's access to credits for this year's salmon recovery costs, as well as credits that are supposed to be made available under adverse water conditions through the Fish Cost Contingency Fund established in 1996.

The second issue of importance, BPA's need for an increase in its authority to sell bonds to the U.S. Treasury, is driven by system improvements BPA must make to maintain the reliability of the Northwest's electricity supply and relieve crippling transmission system congestion. In addition, Bonneville is being called upon to integrate a substantial amount of new generation now being planned by private developers in the region. Finally, BPA has identified investments it can make using its self-financing authority to increase generation from existing facilities within the Federal Columbia River Power System, and to step up regional energy conservation efforts. To assure that BPA continues to have sufficient financial resources necessary to make needed electric infrastructure

RECEIVED BY BPA ADMINISTRATOR'S OFC-LOG #: 01-0376
RECEIPT DATE: 7-16-01
DUE DATE:
INFO ONLY

investments in a timely manner, BPA will need up to \$2 billion in additional borrowing authority above the current \$3.75 billion limit.

We want to impress upon you the importance of these two issues. The Northwest's economy and our natural environment depend on BPA's ability to secure its access to the credits and the additional borrowing authority.

Sincerely,



Gordon H. Smith
United States Senate



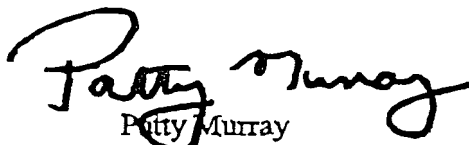
Maria Cantwell
United States Senate



Ron Wyden
United States Senate



Larry Craig
United States Senate



Patty Murray
United States Senate



Max Baucus
United States Senate



Mike Crapo
United States Senate



Conrad Burns
United States Senate

FRANK L. CASSIDY
JR.
"Larry"
CHAIRMAN
Washington

Tom Karier
Washington

Jim Kempton
Idaho

Judi Danielson
Idaho

NORTHWEST POWER PLANNING COUNCIL

851 S.W. SIXTH AVENUE, SUITE 1100

PORTLAND, OREGON 97204-1348

ERIC J. BLOCH
VICE CHAIRMAN
Oregon

John Brogotti
Oregon

Stan Grace
Montana

Leo A. Giacometto
Montana

Fax:
503-820-2370

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503-222-5161
1-800-452-5161

Internet:
www.nwcouncil.org

July 6, 2001

The Honorable Spencer Abraham
Secretary of Energy
U.S. Department of Energy
Forrestal Building 1000 Independence Avenue, S.W.
Washington, D.C. 20585

Dear Secretary Abraham:

RECEIVED BY BPA ADMINISTRATOR'S FC-LOG # [REDACTED]
RECEIPT DATE: 7.16.01
DUE DATE: INFO ONLY

INFO ONLY: KR-7

cc: A-7, D-7, KN/Wash, KR-7C, L-7,
P-6, PG-5, KE-4, DF-2, T/Ditt2

The Northwest Power Planning Council supports the Bonneville Power Administration's request for additional Federal Treasury borrowing authority for capital improvements to the Federal Columbia River Power System (FCRPS). Needed upgrades and improvements to the high-voltage transmission system, hydroelectric facilities and energy conservation program will require Bonneville to have access to additional capital funds in the near-term.

In particular, this year's West Coast electricity crisis has helped underscore serious constraints and deficiencies within the transmission system. The system is currently operating at or near full capacity, and is under increasing stress. The robust activity in the wholesale power market is pressuring Bonneville to run the system harder and for patterns of transactions for which it was not designed. This is making it more difficult to schedule maintenance and construction activities. In addition, there is serious concern that the transmission system will not have the capacity necessary to handle the new generation in the Northwest that is needed to bring supply and demand back into balance. Bonneville's access to additional borrowing authority is necessary to ensure long-term system reliability for the Northwest and the entire West Coast.

The Council also supports additional borrowing authority for improvements, additions and replacements at hydroelectric facilities within the FCRPS and the fishery mitigation projects associated with them. In 1992, Congress gave Bonneville the authority to enter into direct funding agreements with the Corps of Engineers and the Bureau of Reclamation for upgrades at their hydroelectric projects. Bonneville has a similar direct funding agreement with the U.S. Fish and Wildlife Service for the Lower Snake River Compensation Plan hatcheries. These agreements preclude the need for congressional appropriations for these activities, but increase Bonneville's capital borrowing requirements. The Council recognizes this need and supports new borrowing

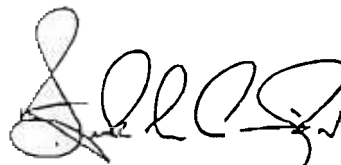
authority to increase the efficiency and reliability of the FCRPS and minimize system impacts on fish and wildlife.

The electricity crisis has also highlighted the importance of vigorous and sustained energy conservation efforts in the Northwest. Unfortunately, during the 1990s, Bonneville's level of investment in conservation decreased substantially due to the emerging competitive electricity market and financial uncertainties. The consequences of this change in policy have been exposed by the astonishingly high electricity prices that we've experienced this past year. Accordingly, it is important that Bonneville regain its leadership in assisting regional utilities and other customers to invest in cost-effective conservation measures while recognizing the market realities of the evolving wholesale power supply market. Additional borrowing authority will allow Bonneville to stimulate such investments throughout the Northwest.

The Council believes that increases in borrowing authority should be accompanied by a high level of accountability in the utilization of the funds. Because the electric ratepayers of the region repay these investments, and because the transmission system supports transactions by several non-federal entities, there is a need to ensure adequate regional participation and oversight in the projects pursued. An open, independent process should be established that identifies least-cost solutions and prioritizes investments that result in a completion schedule of projects. The results of such a process should be included in Bonneville's annual budget submittal for an additional level of accountability. The Council is available to participate in such a process in any way deemed appropriate by the regional entities.

Thank you for your attention to this matter, and please do not hesitate to contact me if you have any questions or comments.

Sincerely,

A handwritten signature in black ink, appearing to read "Frank L. Cassidy, Jr.", with a stylized flourish at the end.

Frank L. Cassidy, Jr.
Chair

Identical letter sent to: The Honorable Spencer Abraham, Secretary of Energy
Members of the Northwest congressional delegation
House and Senate Committees on Appropriations

FRANK L. CASSIDY
Jr.
"Larry"
CHAIRMAN
Washington

Tom Karier
Washington

Jim Kempton
Idaho

Judi Danielson
Idaho

NORTHWEST POWER PLANNING COUNCIL

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Montana

July 6, 2001

RECEIVED BY BPA ADMINISTRATOR'S CFC-LOG #: 01-0378
RECEIPT DATE: 7.16.01
DUE DATE:
INFO ONLY

The Honorable Patty Murray
United States Senate
173 Russell Senate Office Building
Washington, D.C. 20510-4704

Dear Senator Murray:

INFO ONLY: KR-7

cc: A-7, D-7, KN/Wash, KR-7C, L-7,
P-6, PG-5, KE-4, DF-2, T/Ditt2

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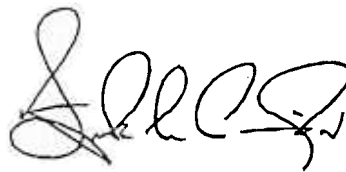
borrowing requirements. The Council recognizes this need and supports new borrowing authority to increase the efficiency and reliability of the FCRPS and minimize system impacts on fish and wildlife.

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Frank L. Cassidy, Jr.
Chair

Identical letter sent to: The Honorable Spencer Abraham, Secretary of Energy
Members of the Northwest congressional delegation
House and Senate Committees on Appropriations



STATE OF WASHINGTON

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

1300 S. Evergreen Park Dr. S.W., P.O. Box 47250 • Olympia, Washington 98504-7250
(360) 664-1160 • TTY (360) 586-8203

July 11, 2001

The Honorable Spencer Abraham, Secretary
Department of Energy
Forrestal Building
1000 Independence Ave. SW
Washington D.C. 20585

RECEIVED BY BPA ADMINISTRATOR'S OFC-LOG #: 01-0379
RECEIPT DATE: 7-16-01
DUE DATE: INFO ONLY

Dear Secretary Abraham:

We write to express our support for the Bonneville Power Administration's (BPA) request for an increase to its borrowing authority from the U.S. Treasury. BPA estimates that infrastructure projects necessary to improve transmission capability and hydropower efficiency will require approximately \$2 billion in additional borrowing authority.

BPA is a integral and essential part of both the generation and the transmission infrastructure in the Northwest. It owns and operates about 75 percent of the high voltage transmission in our region. Those transmission facilities are currently operating at or near capacity levels. Additional transmission capacity is needed to allow for the integration of new electricity generation facilities that are being proposed to meet growing demand in Washington and throughout the Northwest. BPA needs to make increased capital investments soon not only to integrate this new generation, but also to preserve the reliability of the existing transmission system.

The Federal Columbia River Power System (FCRPS) contributes about 40 percent of the region's firm electricity generation. Many of these hydroelectric facilities are 40 years or more old and need updates and improvements to maximize their efficiency. BPA informs us that with increased investment in these facilities it will be possible to increase generation capability by as much as 300 aMW. These investments are cost-effective -- they will return more than the cost of capital -- and would contribute importantly to the region's need for new generating capability.

In March of this year, the Federal Energy Regulatory Commission (FERC) identified infrastructure enhancements in transmission and hydropower efficiency as critical to

INFO ONLY: A-7, D-7, KN/Wash, L-7,
P-6, PG-5, KE-4, DF-2, T/Dit2,
Cindy Custer-KR/WSGL




Secretary Abraham
July 11, 2001
Page 2 of 2


meeting the growing power needs of the West.¹ We believe that BPA's request for additional borrowing authority will permit it to undertake projects that address the problem FERC has identified. Given the recent unprecedented upward pressure on BPA rates caused by runaway prices in the wholesale power market, we are concerned that needed infrastructure investments may not happen in a timely manner without this additional borrowing authority.

We urge your support of the additional borrowing authority requested by BPA. Thank you very much for your help and attention.

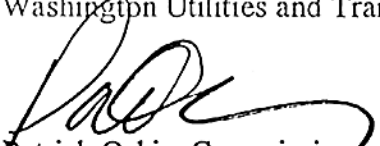
Sincerely,



Marilyn Showalter, Chairwoman
Washington Utilities and Transportation Commission



Richard Hemstad, Commissioner
Washington Utilities and Transportation Commission



Patrick Oshie, Commissioner
Washington Utilities and Transportation Commission

cc: ✓ Stephen J. Wright, Acting Administrator, BPA
The Honorable Senator Patty Murray
The Honorable Senator Maria Cantwell
The Honorable Representative Jay Inslee
The Honorable Representative Rick Larsen
The Honorable Representative Brian Baird
The Honorable Representative Doc Hastings
The Honorable Representative George R. Nethercutt, Jr.
The Honorable Representative Norman D. Dicks
The Honorable Representative Jim McDermott
The Honorable Representative Jennifer Dunn
The Honorable Representative Adam Smith

¹ *Order Removing Obstacles to Increased Electric Generation and Natural Gas Supply in the Western United States and Requesting Comments on Further Actions to Increase Energy Supply and Decrease Energy Consumption*. Docket #EL01-47-000. Federal Energy Regulatory Commission. March 14, 2001.

JOHN A. KITZHABER, M.D.
GOVERNOR



RECEIVED BY BPA ADMINISTRATOR'S OFC-LOG #: 01-0380
RECEIPT DATE: 7.17.01
DUE DATE: INFO ONLY

July 16, 2001

The Honorable Robert C. Byrd
Chairman Interior Subcommittee
Senate Committee on Appropriations
SH 123 Hart Senate Office Building
Washington, D.C. 20510-6033

INFO ONLY: KR-7C
cc: A-7, D-7, KN/Wash, KR-7, L-7, P-6, PG-5,
KE-4, DF-2, T/Ditt2, Cindy Custer-KR/WSGL
Anne Morrow KR-7C

Dear Mr. Chairman:

I am writing in support of the Bonneville Power Administration's request for an additional \$2 billion in borrowing authority from the U.S. Treasury. The additional authority is needed for critical investments in the Northwest's high-voltage transmission system and hydroelectric facilities.

Bonneville owns and operates about 75 percent of the Northwest's high-voltage transmission. Its system is now at or near capacity. As a result, the system cannot carry all the electricity generated from new power plants coming on line. Bonneville must make substantial investments in new transmission capacity to ensure the continued reliability of the Northwest power system.

Also, Bonneville supplies about 40 percent of the electricity used in the Northwest. Most of that supply comes from hydroelectric facilities – many of which are old and need improvements to achieve full efficiency. With added borrowing authority, Bonneville can upgrade these facilities and increase supply by an amount equivalent to the output of a new power plant. In a power-short region, these are needed, timely investments.

urge you to support Bonneville's request.

Thank you for your consideration of this matter.

Sincerely,

John A. Kitzhaber, M.D.

Oregon Delegation
Steve Wright, Acting Administrator, Bonneville Power Administration



City of Seattle

Paul Schell, Mayor

Seattle City Light

Gary Zarker, Superintendent

RECEIVED BY BPA
ADMINISTRATOR'S

OFF LOG #: 01-0383

RECEIPT DATE:

7.18.01

DATE:

INFO ONLY

July 17, 2001

Robert C. Byrd
Chairman, Senate Committee on Appropriations
311 Hart Senate Office Building
Washington, DC 20510

**INFO ONLY: A-7, D-7, KN/Wash, L-7,
P-6, PG-5, KE-4, DF-2, T/Ditt2,
Cindy Custer-KR/WSGL**

Chairman Byrd:

As you know, the Bonneville Power Administration (BPA) has sought a \$2 billion increase in borrowing authority to primarily finance transmission expansion projects in the Pacific Northwest. The current language in the Energy and Water Appropriations bill authorized \$2 billion, but makes spending subject to annual appropriation. I urge you to support in conference language approved the Energy and Water subcommittee that does not condition bonding authority on the annual appropriations process.

I believe that the Northwest, like many parts of the country, has under-invested in transmission. Much of that is attributable to uncertainty over industry structure and cost recovery. Much is also attributable to a surplus of generation and transmission capacity along the West Coast. The problems of the last year have made us acutely aware of the need for substantial investment in generation and transmission by public utilities, private utilities, independent power producers, and Bonneville.

The principal difficulty with an annual appropriations process is that it prevents investments in capital intensive, long-lead time transmission projects. Substantial investments are needed immediately to address congested paths in Puget Sound. We have been subject to a number of transmission curtailments this year that prevent our access to power from Boundary dam. Investor owned utilities in the northwest have faced the same problem – the “west of Hatwai” problem – bringing in power from generation they own in Montana and Wyoming. Northwest congestion greatly impairs our ability to assist California in summer, and vice versa in winter. In addition to relief of congested paths, Bonneville must add transmission capacity to support new generating projects being built in the region. We believe that we cannot wait for the formation of a FERC-jurisdictional Regional transmission Organization to decide on a perfect expansion plan.

700 Fifth Avenue, Suite 3300, Seattle, WA 98104-5031

Tel: (206) 684-3000, TDD: (206) 684-3225, Fax: (206) 625-3709

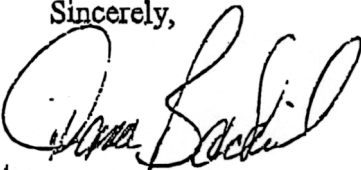

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Chairman Robert C. Byrd
July 17, 2001
Page 2

I do share the concern of Northwest investor owned utilities that BPA investments address top priority problems in a cost-effective manner. They should focus on interconnecting generation and resolving congestion in projects that are not likely candidate investments for other parties. A technical review committee can provide guidance on these issues to the Administrator.

I'd like to reiterate my support for an energy and water appropriations bill that includes \$2 billion in increased BPA borrowing authority, not subject to authorizations on an annual basis. I would be delighted to answer any questions you have on this issue.

Sincerely,


 Gary Zarker
Superintendent

JH:smb

cc: Senator Patty Murray
Senator Maria Cantwell
Representative Jay Inslee
Representative Rick Larsen
Representative Brian Baird
Representative Doc Hastings
Representative George Nethercutt
Representative Norman Dicks
Representative Jim McDermott
Representative Jennifer Dunn
Representative Adam Smith



Robert P. Gannon
Chairman of the Board,
CEO and President

July 12, 2001

Chairman Robert C. Byrd
Senate Committee on Appropriations
311 Senate Hart Office Building
Washington, DC 20510

Dear Chairman Byrd:

I am writing to express Montana Power Company's support for increasing the borrowing authority of the Bonneville Power Administration (BPA) to facilitate the construction of additional electric transmission facilities. This funding is critically important to improve the capacity and reliability of BPA's transmission system for the benefit of consumers throughout the Pacific Northwest.

I am pleased that BPA has recently agreed to form a review committee with its transmission customers to assure that transmission improvements are prioritized so as to provide the most cost-effective and reliable service for the region. Montana Power will gladly participate in the important work to be undertaken by this review committee. It would be appropriate for language supporting the formation of this committee to be included in your Committee report.

Montana Power has been, and continues to be, concerned about BPA's program to install fiber optic cable far in excess of BPA's legitimate operational requirements. I encourage the Committee to carefully review any additional funding that BPA may request for this purpose.

If you or your staff have any questions about Montana Power's support for additional BPA borrowing authority, please contact Bill Pascoe, Montana Power's Vice President, Energy Supply at (406) 497-4212.

Sincerely,

CC: Senator Conrad Burns
Senator Max Baucus
Representative Dennis Rehberg
Governor Judy Martz
Senator Ted Stevens
Senator Pete Domenici
Senator Patty Murray
Senator Larry Craig
Representative Sonny Callahan
Representative Peter Visclosky
Secretary Spencer Abraham
Stephen Wright – Acting Administrator, BPA